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REGISTERED MAIL

File 17250-B

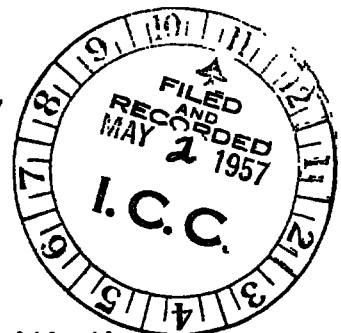
May 1, 1957

RECORDATION No. 1180

Mr. Harold D. McCoy  
Secretary  
Interstate Commerce Commission  
Washington 25, D. C.

(Filed pursuant to the  
Provisions of Section 20c  
Interstate Commerce Act)

5/9/57



Dear Sir:

There is submitted herewith, for filing with the Commission pursuant to Section 20c of the Interstate Commerce Act, three original counterparts Nos. 12, 13 and 14 of Agreement dated April 1, 1957, between Burlington Equipment Company, Vendor, The First National Bank of Portland, Trustee, and Spokane, Portland and Seattle Railway Company, Northern Pacific Railway Company and Great Northern Railway Company, constituting Spokane, Portland and Seattle Railway Equipment Trust of 1957, to each of which counterparts is attached an original counterpart of Lease of the trust equipment, also dated April 1, 1957, from The First National Bank of Portland, Trustee, to the Spokane, Portland and Seattle Railway Company.

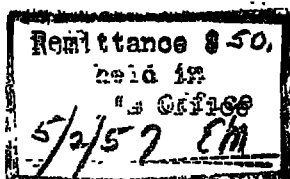
Enclosed is certified check to the order of the Treasurer of the United States for \$50.00, the amount of the recordation fee prescribed by the Commission's regulations.

The names and addresses of the parties to the enclosed equipment trust agreement and lease and the respective capacities of said parties thereunder are as follows:

Equipment Trust Agreement

Vendor: Burlington Equipment Company  
547 West Jackson Boulevard  
Chicago 6, Illinois.

Trustee: The First National Bank of Portland  
S. W. Fifth, Sixth Avenues and Stark Street  
Portland 8, Oregon.



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Mr. Harold D. McCoy - page two

May 1, 1957

Guarantors: Spokane, Portland and Seattle Railway Company  
1101 Northwest Hoyt Street  
Portland 7, Oregon.

Northern Pacific Railway Company  
Northern Pacific Building  
St. Paul 1, Minnesota.

Great Northern Railway Company  
175 East Fourth Street  
St. Paul 1, Minnesota.

Equipment Trust Lease

Lessor: The First National Bank of Portland  
S. W. Fifth, Sixth Avenues and Stark Street  
Portland 8, Oregon.

Lessee: Spokane, Portland and Seattle Railway Company  
1101 Northwest Hoyt Street  
Portland 7, Oregon.

A general description of the equipment covered by the enclosed equipment trust agreement and lease is as follows:

500 50' 6" 50-ton, steel-sheathed, wood-lined box cars with nailable steel floors; A.A.R. mechanical designation XM; Great Northern Railway Company, Builder; Spokane, Portland and Seattle Railway Company's road serial Nos. 14000 to 14499, inclusive.

Each unit of the equipment described above will have fastened on each side thereof a metal plate bearing the following words, or such words will be otherwise plainly, distinctly, permanently and conspicuously marked on each side thereof, in either case, in letters not less than one inch in height:

MAY 2 1957

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Mr. Harold D. McCoy - page three

May 1, 1957

"SPOKANE, PORTLAND AND SEATTLE RAILWAY  
EQUIPMENT TRUST OF 1957. THE FIRST NATIONAL  
BANK OF PORTLAND, TRUSTEE, OWNER, LESSOR."

Such equipment will also be lettered "Spokane,  
Portland and Seattle Railway Company", or in some other and  
substantially similar manner for convenience of identification  
of the leasehold interest of Spokane, Portland and Seattle  
Railway Company therein.

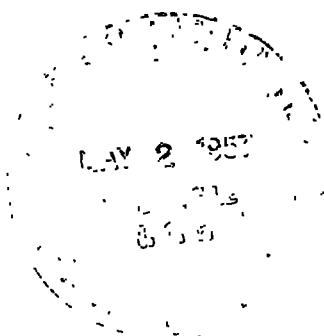
The undersigned is an executive officer of the  
Spokane, Portland and Seattle Railway Company, one of the  
parties to the enclosed equipment trust agreement and lease,  
and has knowledge of the matters set forth therein and  
herein.

Please return to the undersigned, at the address  
shown below, one of the enclosed documents, stamped and  
bearing notation as provided in Section 57.5(a) of the  
Commission's regulations.

Yours very truly,



Vice President  
SPOKANE, PORTLAND AND SEATTLE RAILWAY COMPANY  
1101 Northwest Hoyt Street  
Portland 7, Oregon.



**Interstate Commerce Commission**

OFFICE OF THE SECRETARY

Washington 25

May 3, 1957

Mr. S. W. Albertson, V.P.,  
Spokane, Portland and Seattle Ry. Co.,  
1101 Northwest Hoyt St.,  
Portland 7, Oregon.

Dear Sir:

The enclosed document was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, as amended, on May 3, 1957 at 10:45 A. M. , and assigned recordation number 1180 .

Respectfully,



Secretary.

Encl.

MAY 2 '57 151317 12

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SPOKANE, PORTLAND AND SEATTLE RAILWAY  
EQUIPMENT TRUST OF 1957

**AGREEMENT**

Dated April 1, 1957

BETWEEN

BURLINGTON EQUIPMENT COMPANY,

VENDOR,

THE FIRST NATIONAL BANK OF PORTLAND,

TRUSTEE,

AND

SPOKANE, PORTLAND AND SEATTLE RAILWAY  
COMPANY

NORTHERN PACIFIC RAILWAY COMPANY

GREAT NORTHERN RAILWAY COMPANY

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**LEASE**

Dated April 1, 1957

FROM

THE FIRST NATIONAL BANK OF PORTLAND,

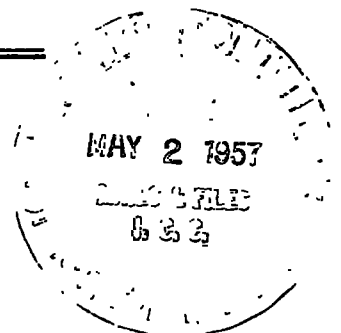
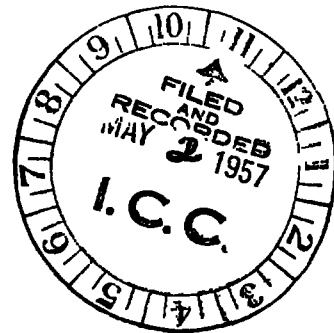
TRUSTEE,

TO

SPOKANE, PORTLAND AND SEATTLE RAILWAY  
COMPANY

---

RECORDATION No. 1180  
5/9/57  
(Filed pursuant to the  
Provisions of Section 20c  
Interstate Commerce Act)



THIS AGREEMENT, dated as of April 1, 1957, by and among BURLINGTON EQUIPMENT COMPANY, a corporation duly organized and existing under the laws of the State of Illinois (hereinafter called the "Vendor"), of the first part,

THE FIRST NATIONAL BANK OF PORTLAND, a national banking association duly organized and existing under the laws of the United States of America (hereinafter called the "Trustee"), of the second part,

SPOKANE, PORTLAND AND SEATTLE RAILWAY COMPANY, a corporation duly organized and existing under the laws of the State of Washington (hereinafter called the "Company"), of the third part, and

NORTHERN PACIFIC RAILWAY COMPANY, a corporation duly organized and existing under the laws of the State of Wisconsin, and GREAT NORTHERN RAILWAY COMPANY, a corporation duly organized and existing under the laws of the State of Minnesota (hereinafter collectively called the "Guarantors"), of the fourth part;

WITNESSETH :

THAT WHEREAS, the Company desires to lease additional equipment in order that traffic over its lines may be properly transported, and it has been deemed expedient to make provision therefor through the medium of an equipment trust; and

WHEREAS, the Vendor has contracted to acquire, or will acquire or contract to acquire, the equipment specifically described in the Lease from the Trustee to the Company, annexed to this Agreement, hereinafter referred to as the

"Lease", which equipment, together with the additional and substituted equipment provided for in this Agreement and in said Lease, is hereinafter called the "Trust Equipment"; and

WHEREAS, the title to said Trust Equipment is to be vested in the Trustee and is to be retained by the Trustee until transferred under the provisions of this Agreement and said Lease; and

WHEREAS, subscriptions have been or are being secured in an aggregate principal amount not exceeding Three Million Six Hundred and Ninety Thousand Dollars (\$3,690,000) to a fund to be known as Spokane, Portland and Seattle Railway Equipment Trust of 1957, which said fund is to be applied by, or upon the written order of, the Vendor in part payment of the cost of said Trust Equipment; the remainder of such cost to be discharged out of advance rentals to be paid by the Company under the terms of this Agreement and said Lease; and

WHEREAS, the Vendor desires to evidence the rights of the subscribers to said fund by Trust Certificates in substantially the form hereinafter set forth and to secure to said subscribers, or their assigns, the payment of the amount thereof in thirty (30) equal semi-annual installments payable, respectively, on April 1 and October 1 in each year, beginning on October 1, 1957, and ending on April 1, 1972, as hereinafter more particularly provided, with dividends to said dates of maturity, respectively, at the rate of three and three-quarters per cent ( $3\frac{3}{4}\%$ ) per annum from April 1, 1957, payable semi-annually on April 1 and October 1 in each year;

WHEREAS, the Guarantors, being the owners of all of the capital stock and bonds of the Company, desire, by guaranty of the payment of the par value of the said Trust Certificates and of the dividends thereon, to insure the sale of the Trust Certificates at the most favorable price obtainable and to aid the Company in obtaining the possession of the Trust Equipment for use upon the Company's railroad;

Now, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

#### ARTICLE I

SECTION 1. The Vendor, as speedily as practicable, will acquire the Trust Equipment specifically described in the Lease, to which reference is hereby made, and will sell, assign, transfer and set over said Trust Equipment, or cause it to be assigned, transferred and set over, unto the Trustee, as trustee for the holders of the Trust Certificates herein-after described, when and as the Trust Equipment or any part thereof is acquired.

If as a result of strikes, material shortages, or other causes beyond their control, the Vendor is unable to acquire any unit or units of the Trust Equipment specifically described in the Lease, the Vendor may acquire in place of such unit or units of equipment it is so unable to acquire, and substitute therefor under the Trust as and when acquired, other new standard-gauge railroad equipment, other than work or passenger equipment, of such classes or types and of such material and construction as may be approved by the company. The total cost of said substituted equipment shall be not less than the estimated cost of the equipment in place



of which it was acquired as set forth in the Lease. Such substituted equipment shall be subjected to the Lease by supplemental lease, and shall be deemed a part of the Trust Equipment for all purposes, including the payment of "deposited cash" in respect of the cost thereof, and the equipment in place of which such substituted equipment is acquired shall be eliminated from the Trust Equipment.

The Vendor will deliver or cause to be delivered the Trust Equipment, f.o.b. railway tracks at points to be specified from time to time by the Company, to the person or persons designated by the Trustee as its agent or agents to receive such delivery, who may be any one or more of the officers or agents of the Company, and the certificate of any agent so designated shall be conclusive evidence of such delivery.

The Vendor shall incur no liability hereunder, or under any bill of sale executed by it as herein provided, or for anything other than its own wilful default, misconduct or negligence. The Vendor shall be entitled to the advice of counsel (who may be counsel of the Company) and shall be protected by the advice of such counsel in anything done or omitted to be done by it in accordance with such advice.

The Trustee and the Company, simultaneously with the execution of this Agreement, have executed and delivered the Lease of the Trust Equipment in the form annexed hereto, and the Trustee, pursuant to the terms of the Lease, shall deliver or cause to be delivered to the Company the Trust Equipment when received by the Trustee.

SECTION 2. Upon the execution of this Agreement, the Vendor shall deposit or cause to be deposited with the Trustee, in cash, the net proceeds of the sale of the Trust Certificates issuable as hereinafter provided, and at the same time

the Company shall deposit with the Trustee, in discharge *pro tanto* of advance rental payable by the Company to the Trustee under the Lease, such additional amount in cash as may be necessary, if any, to make the total sum deposited equal to Three Million Six Hundred and Ninety Thousand Dollars (\$3,690,000). Thereupon without waiting for the recording, registration or filing of this Agreement or of the Lease or any other instrument respecting the Trust Equipment, the Trustee shall issue and deliver to or upon the written order of the Vendor, Trust Certificates, to be designated "Spokane, Portland and Seattle Railway Equipment Trust of 1957 Equipment Trust Certificates", substantially in the form set forth in Article II of this Agreement of the aggregate par value of Three Million Six Hundred and Ninety Thousand Dollars (\$3,690,000). For the purpose of this Agreement and the Lease, the terms "net proceeds" and "deposited cash" shall not be construed to include any premium or accrued dividends collected or received upon the sale of the Trust Certificates, but the amount of any such premium and such accrued dividends shall, nevertheless, be deposited with the Trustee and shall be applied by it on account of the first and next succeeding installments of rental payable under subparagraph (c) of subsection B of Paragraph 2 of the Lease.

SECTION 3. Any moneys at any time held by the Trustee hereunder or under the Lease shall, until paid out by the Trustee as herein or therein provided, be held by it in trust for the benefit of the holders of the Trust Certificates without liability for interest save as may be agreed upon between it and the Company, and need not be segregated in a separate account. Any interest allowed by the Trustee upon any

such moneys shall be paid from time to time to the order of the Company by the Trustee so long as the Company shall not be known to the Trustee to be in default hereunder or under the Lease.

SECTION 4. From time to time, when and as any of the Trust Equipment shall be delivered to the Trustee, the Trustee shall, subject to the provisions of Section 5 of this Article, pay to the Vendor, or upon its written order, out of and to the extent of the "deposited cash", an amount not exceeding (a) eighty per cent. (80%), of the estimated cost as set forth in the Lease (or, as to any substituted or additional equipment, as set forth in any supplemental lease) of the Trust Equipment so delivered, or (b), eighty per cent (80%), of the cost thereof as specified in the certificate or certificates delivered pursuant to Section 5. (d), of this Article if such cost be less than such estimated cost.

The term "deposited cash" when used in this Agreement shall mean only the cash deposited with the Trustee as in Section 2 of this Article provided and, when required or indicated by the context; any cash deposited by the Company in lieu of, or pending replacement of equipment under Section 6 of the Lease, and bonds or other obligations of the United States of America purchased by the use of such cash pursuant to the provisions of the first paragraph of Section 6 of this Article, or the proceeds of the sale of such bonds or other obligations together with any deficit deposit provided for in the first and second paragraphs of said Section 6 of this Article.

The Company covenants that, contemporaneously with each such payment by the Trustee, the Company will pay to the Trustee, as advance rental provided in the Lease,

amounts equal to the remainder of the cost of the equipment delivered, being not less than twenty per cent (20%) of the said cost. Thereupon the Trustee shall pay to the Vendor or upon its written order, by the use of such advance rental, the portion of the cost of the delivered Trust Equipment not discharged by the payment above described out of the "deposited cash".

SECTION 5. The Trustee shall not pay out any "deposited cash" against the delivery of any of the Trust Equipment unless and until it shall have received:

(a) A certificate of the agent or agents designated by the Trustee to receive delivery of the Trust Equipment, stating that Trust Equipment, described and specified therein by road number or numbers, has been delivered to such agent or agents and by such agent or agents delivered to the Company, and marked in accordance with the provisions of Paragraph 4 of the Lease.

(b) A bill or bills of sale transferring to the Trustee the Trust Equipment described in said certificate, such bill or bills of sale to contain or be accompanied by a warranty or guaranty to the Trustee that the title to the Trust Equipment described therein is free from all liens and encumbrances.

(c) An opinion of counsel (who may be counsel of the Company) satisfactory to the Trustee, that the Trustee's title to the Trust Equipment described therein is free from all liens and encumbrances.

(d) A certificate or certificates as to the cost of such Trust Equipment, signed by the Vendor and by the President or any Vice President of the Company, which

certificates shall state that the cost of such Trust Equipment is an amount therein specified; that such Trust Equipment is new standard-gauge railroad equipment, constructed of unused material; that it is of a character called for by this Agreement and the Lease, or is substituted equipment the acquisition of which is authorized by the second paragraph of Section 1 of this Article; and that it has been approved, received and accepted by the Company in accord with this Agreement and the Lease.

The cost of the Trust Equipment whenever referred to herein or in the Lease (except where specified as estimated cost) shall mean the actual cost thereof, including only such items as may properly be included in such cost under the accounting rules of the Interstate Commerce Commission. Any certificate as to cost may state that the cost of the Trust Equipment therein referred to is tentatively determined, subject to final adjustment as evidenced by final certificate or certificates of cost to be delivered to the Trustee within such time as the Trustee in its discretion in each instance may allow. The cost of the Trust Equipment shall be conclusively established by such certificate, or by such final certificate if a final certificate be required.

If the aggregate final cost of all the Trust Equipment acquired by the Vendor as specifically described in the Lease or in substitution therefor pursuant to the provisions of the second paragraph of Section 1 of this Article should be less than the estimated cost of Four Million Six Hundred and Nineteen Thousand Dollars (\$4,619,000), the Vendor shall acquire and transfer, or cause to be acquired and transferred, to the Trustee, subject to all the terms of this Agreement,

other new standard-gauge railroad equipment, other than work or passenger equipment, of such classes or types as may be approved by the Company, of substantially as good material and construction as the equipment specifically provided for in said Lease, and of such cost that the aggregate final cost of all the Trust Equipment acquired shall equal at least said estimated cost of Four Million Six Hundred and Nineteen Thousand Dollars (\$4,619,000), of which aggregate final cost not more than eighty per cent (80%) shall be paid from "deposited cash", to the extent thereof, and not less than twenty per cent (20%) by the Company as provided in Section 4 of this Article.

SECTION 6. The Trustee, upon instructions from the Company, shall, at any time prior to the vesting of title to the Trust Equipment in the Trustee, invest the "deposited cash" applicable to the acquisition of such Trust Equipment in such bonds or other obligations of the United States of America having maturities not later than April 1, 1972, hereinafter sometimes called "United States Government securities", as the Company shall designate. If, pursuant to the provisions of Paragraph 6 of the Lease, the Company is required to and pays over cash to the Trustee, the Trustee, upon written instructions from the Company, signed by the President or any Vice President, shall invest such cash in such United States Government securities. The Trustee shall collect the interest on any securities in which any part of the moneys may be invested from time to time and so long as the Company shall not be known to the Trustee to be in default under this Agreement or under the Lease, the Trustee shall pay over such interest as and when collected by it to or upon the written order of the Company without restric-

tion or limitation upon its use; *provided*, that if at any time the market price of any such securities shall be less than the price at which they were purchased the Trustee shall out of the interest collected by it retain an amount sufficient to cover the deficit so long as such deficit shall exist.

At any time and from time to time the Trustee shall, upon written instructions from the Company, signed by the President or any Vice President, sell all or part of the United States Government securities that may have been purchased in accordance with the foregoing provisions; *provided*, that if the proceeds of the sale of such United States Government securities, plus any interest thereon withheld under the provisions of the next preceding paragraph, shall be less than the amount of the "deposited cash" or cash held under Paragraph 6 of the Lease applied to the purchase thereof, the Trustee shall restore to "deposited cash" or such other cash from rentals received by it under subparagraph (a) of subsection B of Paragraph 2 of the Lease, such amount or amounts as will be sufficient to make up the deficit. The Trustee shall hold the proceeds of any sale of United States Government securities purchased from "deposited cash" or deficit deposit with respect to such securities under this paragraph as "deposited cash", and apply the same as provided in Section 4 of this Article. The Trustee shall hold the proceeds of any sale of United States Government securities purchased with cash deposited pursuant to Paragraph 6 of the Lease or any deficit deposit with respect to such securities for the purposes set forth in said Paragraph 6.

The Trustee shall be reimbursed, out of rent received by it under the provisions of subparagraph (a) of subsection B of Paragraph 2 of the Lease, for or on account of any premium or accrued interest required to be paid in the event

of any such investment in United States Government securities, and for or on account of any expenses incurred in the event of any purchase or sale of such United States Government securities. The Company if not in default under the terms of the Lease or of this Agreement, or of any supplemental lease or supplemental agreement, shall be entitled to receive any amount realized from any sale by the Trustee of such United States Government securities in excess of the "deposited cash" or cash from Paragraph 6 of the Lease, applied to the purchase thereof.

SECTION 7. Any "deposited cash" remaining in the hands of the Trustee after the delivery of all of the original Trust Equipment (meaning all the equipment specifically described in the Lease plus any additional equipment acquired pursuant to the last paragraph of Section 5 of this Article to make up any deficiency) and payment therefor in the manner provided in this Agreement shall be applied by the Trustee toward payment of the par value of the next maturing Trust Certificates then outstanding, when and as the same shall become payable, and, to the extent that such payments are so made by the Trustee out of the balance of the "deposited cash" in its hands, the said next maturing installment of rental payable pursuant to subparagraph (d) of subsection B of Paragraph 2 of the Lease shall be correspondingly reduced.

SECTION 8. Anything in this Agreement contained to the contrary notwithstanding, the aggregate par value of the Trust Certificates which shall be executed and delivered by the Trustee under this Agreement shall not exceed Three Million Six Hundred and Ninety Thousand Dollars (\$3,690,-



000), except as provided in Section 6 of Article II hereof in respect of replacement of Trust Certificates mutilated, defaced, lost, destroyed or stolen.

## ARTICLE II

SECTION 1. Each of the Trust Certificates in definitive form shall represent an interest of the par value of One Thousand Dollars (\$1,000) in the trust hereby created, and the bearer or registered holder of each Trust Certificate shall be entitled to receive dividends on said par value at the rate of three and three-quarters per cent ( $3\frac{3}{4}\%$ ) per annum from April 1, 1957, payable semi-annually on the first day of April and October in each year, commencing October 1, 1957. The par value of the Trust Certificates shall become due and payable as follows:

Nos.	1 to 123, both inclusive, on the 1st day of October, 1957	\$123,000
"	124 to 246, " " , " " 1st day of April, 1958	123,000
"	247 to 369, " " , " " 1st day of October, 1958	123,000
"	370 to 492, " " , " " 1st day of April, 1959	123,000
"	493 to 615, " " , " " 1st day of October, 1959	123,000
"	616 to 738, " " , " " 1st day of April, 1960	123,000
"	739 to 861, " " , " " 1st day of October, 1960	123,000
"	862 to 984, " " , " " 1st day of April, 1961	123,000
"	985 to 1107, " " , " " 1st day of October, 1961	123,000
"	1108 to 1230, " " , " " 1st day of April, 1962	123,000
"	1231 to 1353, " " , " " 1st day of October, 1962	123,000
"	1354 to 1476, " " , " " 1st day of April, 1963	123,000
"	1477 to 1599, " " , " " 1st day of October, 1963	123,000
"	1600 to 1722, " " , " " 1st day of April, 1964	123,000
"	1723 to 1845, " " , " " 1st day of October, 1964	123,000
"	1846 to 1968, " " , " " 1st day of April, 1965	123,000

Nos. 1969 to 2091, both inclusive, on the 1st day of October, 1965	\$123,000
" 2092 to 2214, " " , " " 1st day of April, 1966	123,000
" 2215 to 2337, " " , " " 1st day of October, 1966	123,000
" 2338 to 2460, " " , " " 1st day of April, 1967	123,000
" 2461 to 2583, " " , " " 1st day of October, 1967	123,000
" 2584 to 2706, " " , " " 1st day of April, 1968	123,000
" 2707 to 2829, " " , " " 1st day of October, 1968	123,000
" 2830 to 2952, " " , " " 1st day of April, 1969	123,000
" 2953 to 3075, " " , " " 1st day of October, 1969	123,000
" 3076 to 3198, " " , " " 1st day of April, 1970	123,000
" 3199 to 3321, " " , " " 1st day of October, 1970	123,000
" 3322 to 3444, " " , " " 1st day of April, 1971	123,000
" 3445 to 3567, " " , " " 1st day of October, 1971	123,000
" 3568 to 3690, " " , " " 1st day of April, 1972	123,000
	<hr/>
	\$3,690,000

The due date and dividend rate shall appear upon the face of each Trust Certificate. Trust Certificates shall be numbered from 1 consecutively upwards to 3,690, both inclusive.

Dividend warrants evidencing the right of the holders of the Trust Certificates to the dividends thereon shall be annexed to the respective Trust Certificates.

SECTION 2. The Trust Certificates, the dividend warrants to be annexed thereto, the guaranty to be endorsed thereon by the Company and the Guarantors, as provided in Section 2 of Article III hereof, and the form of tax legend shall be in substantially the following forms:

[FORM OF TRUST CERTIFICATE]

\$1000

No.....

SPOKANE, PORTLAND AND SEATTLE RAILWAY

EQUIPMENT TRUST OF 1957

3¾% EQUIPMENT TRUST CERTIFICATE.

Total Issue—\$3,690,000

Dividends at the Rate of Three and Three-Quarters Per Cent.

Per Annum, payable April 1 and October 1.

THE FIRST NATIONAL BANK OF PORTLAND,  
TRUSTEE.

Par Value payable 1, 19

THE FIRST NATIONAL BANK OF PORTLAND, Trustee under an Agreement dated April 1, 1957, by and among BURLINGTON EQUIPMENT COMPANY, of the first part, THE FIRST NATIONAL BANK OF PORTLAND, of the second part, SPOKANE, PORTLAND AND SEATTLE RAILWAY COMPANY, of the third part, and NORTHERN PACIFIC RAILWAY COMPANY and GREAT NORTHERN RAILWAY COMPANY, Guarantors, of the fourth part, hereby certifies that the bearer, or, if this certificate be registered as to par value, the registered holder hereof, is entitled to an interest of the par value of One Thousand Dollars (\$1,000) in Spokane, Portland and Seattle Railway Equipment Trust of 1957, and, as hereinafter more fully

provided, is entitled to the payment of said par value on 1, 19 , upon surrender of this certificate to the undersigned, and to payment, until said last mentioned date, of dividends on said par value at the rate of three and three-quarters per cent ( $3\frac{3}{4}\%$ ) per annum from April 1, 1957, semi-annually on April 1 and October 1 in each year, according to the tenor of the dividend warrants hereto annexed, upon presentation and surrender of such warrants, as they severally mature, to the undersigned, both the par value of this certificate and the dividends thereon being payable at the principal office of the Trustee in the City of Portland, State of Oregon, or, at the option of the bearer, or registered holder hereof, as the case may be, at the corporate trust office of The First National City Bank of New York, in the City of New York, State of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts, but only from and out of rentals when received by the undersigned Trustee pursuant to the provisions of said Agreement dated April 1, 1957, and of a Lease of railroad equipment made by The First National Bank of Portland, Trustee, to Spokane, Portland and Seattle Railway Company, dated April 1, 1957, or from and out of any moneys otherwise received by the Trustee under the provisions of said Agreement and Lease.

This certificate is one of an issue of Three Million Six Hundred and Ninety Thousand Dollars (\$3,690,000) aggregate par value of certificates for One Thousand Dollars (\$1,000) par value each, similar except as to dates of maturity, all issued or to be issued under said Agreement, under which said railroad equipment (or "deposited cash" and cash or United States Government securities in which such cash may be invested as provided in said Agreement) and said

Lease thereof are held by said Trustee in trust for the equal benefit of the holders of the interests represented by said certificates, to which Agreement and Lease, filed with the Trustee at its said office in the City of Portland, State of Oregon, reference is made for a full statement respecting the terms and conditions governing the issuance of this certificate, the rights and obligations of the Company, the duties and immunities of the undersigned, and the rights of the bearer or registered holder hereof thereunder.

This certificate may be registered as to par value at the principal office of the Trustee in the City of Portland, State of Oregon, in the name of the holder hereof, and such registration shall be noted hereon by or on behalf of the Trustee. Thereafter title to the interest represented by this certificate shall pass only by transfer registered at said office, unless and until a transfer to bearer shall have been similarly registered and noted hereon. Such registration shall apply only to the par value of this certificate and not to the dividend warrants hereunto attached, which shall continue to be payable to bearer and transferable by delivery.

Every taker and holder of this certificate, and of the attached dividend warrants, by accepting the same agrees with the undersigned and with every subsequent taker and holder hereof and thereof that this certificate (unless registered as to par value), and such warrants, shall be transferable with the same effect as in the case of a negotiable instrument payable to bearer, by delivery by any person having possession of the same, howsoever such possession may have been acquired; that the undersigned may treat the bearer of this certificate, or the registered holder hereof if this certificate be registered as above provided, and the bearer of the warrants attached hereto, whether or not this certificate be so

registered, as the absolute owner of this certificate or of said warrants as the case may be, for all purposes; and that the undersigned shall not be affected by any notice to the contrary.

In case of default in the performance or observance of any of the covenants of Spokane, Portland and Seattle Railway Company in said Agreement or Lease contained, the par value represented by this certificate may be declared due and payable, as provided in said Agreement.

Neither this certificate nor the dividend warrants attached hereto shall be deemed in anywise a promise to pay of the undersigned, except from and out of rentals or other moneys received by the undersigned as Trustee pursuant to said Agreement and Lease, dated April 1, 1957.

IN WITNESS WHEREOF, the Trustee has caused this certificate to be signed by one of its Trust Officers or one of its Assistant Trust Officers and its facsimile corporate seal to be hereto affixed and to be attested by the facsimile signature of its Secretary, and has caused dividend warrants bearing the facsimile signature of one of its Trust Officers or one of its Assistant Trust Officers, to be attached hereto, as of the 1st day of April, 1957.

THE FIRST NATIONAL BANK OF PORTLAND,  
*Trustee,*

By .....  
*Trust Officer.*

Attest:

.....  
Secretary.

## [FORM OF DIVIDEND WARRANT]

No.....

\$18.75

Due to the bearer hereof on the 1st day of ,  
19 , on the surrender hereof at the principal office of The  
First National Bank of Portland, in the City of Portland,  
State of Oregon, or at the option of the bearer, at the  
corporate trust office of The First National City Bank of  
New York, in the City of New York, State of New York,  
Eighteen and 75/100 Dollars (\$18.75), payable in such  
coin or currency of the United States of America as at  
the time of payment is legal tender for public and private  
debts, being the semi-annual dividend then due on Certificate  
No..... of Spokane, Portland and Seattle Railway  
Equipment Trust of 1957, but only out of rentals or other  
moneys received by the undersigned pursuant to the Agree-  
ment and Lease, dated April 1, 1957, referred to in said  
Certificate, and as therein provided.

THE FIRST NATIONAL BANK OF PORTLAND,

*Trustee,*

By .....

*Assistant Trust Officer.*

## [FORM OF GUARANTY]

Spokane, Portland and Seattle Railway Company, Northern Pacific Railway Company and Great Northern Railway Company, for a valuable consideration, jointly and severally, hereby unconditionally guarantee to the bearer, or if registered as to par value, to the registered holder, the prompt payment of the par value of the within Certificate and to the bearer of any of the appurtenant dividend warrants the prompt payment of the dividends specified in such warrants, in accordance with the terms of said Certificate and the Agreement and Lease referred to therein.

Dated April 1, 1957.

SPOKANE, PORTLAND AND SEATTLE  
RAILWAY COMPANY,

By .....  
*Vice-President.*

NORTHERN PACIFIC RAILWAY COMPANY,

By .....  
*Vice-President.*

GREAT NORTHERN RAILWAY COMPANY,

By .....  
*Vice-President.*



## [FORM OF TAX LEGEND]

All United States taxes payable in respect of the issue of this Certificate have been paid and the required stamps have been affixed to an original counterpart of the within mentioned Agreement in the possession of the Trustee and duly cancelled.

SECTION 3. The Trust Certificates shall be signed in the name and on behalf of the Trustee by one of its Trust Officers or one of its Assistant Trust Officers, and its facsimile corporate seal shall be thereunto affixed or thereon impressed and attested by its Secretary or Assistant Secretary, whose signature may be in facsimile. In case any of the officers of the Trustee who shall have signed and sealed any of the Trust Certificates shall cease to be such officers of the Trustee before the Trust Certificates so signed and sealed shall have been issued and delivered by the Trustee, such Trust Certificates shall be as effective and binding and shall be issued and delivered as though the persons who signed and sealed such Trust Certificates had not ceased to be such officers of the Trustee. The dividend warrants to be thereto attached shall be authenticated by the facsimile signature of one of the present or any future Trust Officer or Assistant Trust Officer of the Trustee; any such facsimile signature shall be effective and binding notwithstanding the fact that such Trust Officer or Assistant Trust Officer shall have ceased to be such officer at the time when any such Trust Certificates shall be issued and delivered as herein provided. Before executing or delivering any Trust Certificates, all matured dividend warrants thereto appertaining shall be detached and cancelled by the Trustee.

SECTION 4. Temporary printed Trust Certificates without dividend warrants, or with one or more dividend warrants, and with or without provisions for registration, in such form and denominations as the Trustee may determine, may be issued by the Trustee, upon which shall be endorsed the guaranty of the Company and the Guarantors in the form aforesaid, with such changes as may be appropriate, and such temporary Trust Certificates shall be exchangeable, without cost to the holder, upon surrender for definitive Trust Certificates of like maturity dates, having endorsed thereon the guaranty of the Company and the Guarantors in the form aforesaid, when the same shall have been prepared. Each of such temporary Trust Certificates shall designate the date of maturity of the definitive Trust Certificate or Certificates for which it is exchangeable, and until such exchange such temporary Trust Certificates shall be subject to the provisions and entitled to the same benefits of this Agreement in all respects as such definitive Trust Certificates, including the payment of dividends and the guaranty by the Company and the Guarantors.

SECTION 5. The Trust Certificates shall be negotiable and shall pass by delivery unless registered as to par value in the manner in this Agreement provided. Any of the Trust Certificates may be registered as to the par value thereof in the name of the holder on the books of the Trustee to be kept at its principal office in the City of Portland, State of Oregon, and such registration shall be noted on the Trust Certificate by the Trustee. Thereafter no transfer thereof shall be valid unless made at said office by the registered holder thereof in person, or by his duly authorized attorney, and similarly noted thereon; but the same may be discharged from regis-

tration and transferred to bearer as before. Such registration, however, shall not affect the dividend warrants attached to the Trust Certificates so registered, but every such dividend warrant shall continue to be transferable with the same effect as in the case of a negotiable instrument payable to bearer, by delivery thereof by any person in possession of the same, however such possession may have been acquired.

Anything to the contrary herein notwithstanding, the parties hereto may deem and treat the bearer of any unregistered Trust Certificate and the bearer of any dividend warrant as the absolute owner of such Trust Certificate or dividend warrant, as the case may be, for the purpose of receiving payment thereof, and for all other purposes, and shall not be affected by any notice to the contrary. The parties hereto may deem and treat the registered holder of any registered Trust Certificate as the absolute owner of such Trust Certificate for all purposes except payment of dividends, and shall not be affected by any notice to the contrary.

For any registration, transfer or discharge from registration, the Trustee shall require the payment by the holder of a sum sufficient to reimburse it for any tax, stamp tax or other governmental charge connected therewith.

**SECTION 6.** In case any Trust Certificate or the dividend warrants attached thereto shall become mutilated or defaced or be lost, destroyed or stolen, then on the terms herein set forth, and not otherwise, the Trustee shall upon the written request of the Company execute and deliver a new Trust Certificate, and the Company and the Guarantors at the request of the Trustee shall execute their guaranty thereon, with all unmatured dividend warrants appertaining thereto, of like maturity, dividend rate, tenor and date, and bearing

the same serial number as the one mutilated, defaced, lost, destroyed or stolen, in exchange and substitution for, and upon cancellation of, the mutilated or defaced Trust Certificate including dividend warrants, if any, or in lieu of or in substitution for the same if lost, destroyed or stolen, and the Trustee shall make payment of any matured and unpaid dividend warrants appertaining to the same. The applicant for a new Trust Certificate, including dividend warrants, if any, shall furnish to the Trustee and to the Company evidence to their satisfaction of the loss, destruction or theft of such Trust Certificate or dividend warrants alleged to have been lost, destroyed or stolen, and of the ownership and authenticity of such mutilated, defaced, lost, destroyed or stolen Trust Certificate or dividend warrants, and also such security and indemnity as may be required by the Trustee and by the Company and the Guarantors in their discretion; and shall pay all expenses and charges of such substitution or exchange. All Trust Certificates and dividend warrants are held and owned upon the express condition that the foregoing provisions are exclusive in respect of the replacement of mutilated, defaced, lost, destroyed or stolen Trust Certificates or dividend warrants, and shall preclude any and all other rights and remedies, any law or statute now existing or hereafter enacted to the contrary notwithstanding.

### ARTICLE III

SECTION 1. The Company hereby accepts and becomes bound by all the terms of this Agreement, and hereby covenants and agrees to make payment of the reasonable expenses, including counsel fees, and of reasonable compensa-

tion of the Trustee, including any thereof incurred in connection with the enforcement of any of the provisions hereof or of the Lease, and of all taxes, assessments and governmental charges assessed upon the property included in the trust and all taxes and governmental charges herein mentioned for which the Trustee, as such, may be liable, and of the other rentals and of the other amounts provided for herein or in the Lease.

SECTION 2. The Company and the Guarantors, jointly and severally, covenant and agree and unconditionally guarantee that the bearer or registered holder of each of the Trust Certificates shall receive the sum of One Thousand Dollars (\$1,000), or, in the case of temporary Trust Certificates, the par value therein expressed to be payable, according to the terms of said Certificates, when and as the same shall become due and payable, whether at the maturity thereof or otherwise under the provisions thereof or of this Agreement, and shall receive dividends thereon at the rate of three and three-quarters per cent ( $3\frac{3}{4}\%$ ) per annum, from April 1, 1957, to the date of maturity of such Certificate, all in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for public and private debts, and at the times and places and otherwise as expressed in the Trust Certificates and in the dividend warrants thereto attached; and the Company and the Guarantors further covenant and agree to endorse upon each of the Trust Certificates, at or before the issuance and delivery thereof by the Trustee, their joint and several guaranty of the prompt payment of the par value thereof and of the dividends thereon, in substantially the form in Section 2 of Article II

hereof provided. Said guaranty so endorsed shall be signed in the name and on behalf of the Company and of each of the Guarantors by its President or one of its Vice Presidents without the seal of any of them which seals are hereby expressly waived. In case any officer of the Company or of either of the Guarantors who shall have signed said guaranty shall cease to be such officer before the Trust Certificates shall have been issued and delivered by the Trustee, or was not such officer on April 1, 1957, such guaranty shall, nevertheless, be as effective and binding upon the Company and upon such Guarantor as though the person who signed such guaranty had not ceased to be such officer and was such officer on April 1, 1957.

As between themselves, the Guarantors covenant each with the other that, as stockholders of the Company, they will cause the Company to perform all of the covenants of this Agreement and of the said Lease and will advance to the Company in equal amounts all sums necessary to enable the Company to perform such covenants. In the event that either of the Guarantors shall be required under the provisions of this Agreement or of the guaranty executed by them to make payments which in the aggregate shall exceed payments made by the other, the latter will reimburse the former for one-half of the difference.

In the event that the Guarantors shall make any payments on account of the par value of, or dividends on, any of the Trust Certificates or any advances to the Company for the payment of such par value or dividends, the Guarantors shall be subrogated to all rights of the holders of Trust Certificates in respect of the Trust Equipment to the extent of the amounts so paid or advanced, but the rights of the

Guarantors in respect of the Trust Equipment shall be subordinated in all respects to the rights of holders of outstanding Trust Certificates in respect thereof and such rights of the Guarantors shall not be enforceable until all amounts payable hereunder in respect of all outstanding Trust Certificates shall have been duly paid to the Trustee or to the holders of Trust Certificates.

SECTION 3. The Company covenants and agrees that it will pay and discharge, or cause to be paid and discharged, or make adequate provision for the satisfaction or discharge of any debt, tax, charge, assessment, obligation or claim which, if unpaid, might become a lien or charge upon or against any of the Trust Equipment; but this provision shall not require the payment of any such debt, tax, charge, obligation or claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings unless such contest will, in the judgment of the Trustee, materially endanger the rights or interests of the Trustee or of the holders of the Trust Certificates.

SECTION 4. The Company covenants and agrees to pay the expenses incident to the preparation and execution of the Trust Certificates and dividend warrants, including any temporary Trust Certificates to be issued hereunder, or connected with the preparation, execution, recording, re-recording, registration, re-registration, filing and refiling hereof or of said Lease and of any instruments executed under the provisions hereof or of said Lease in respect to the Trust Equipment or to any equipment or parts used to replace any of the same. The Company covenants that

prior to the delivery to it of any of the Trust Equipment covered thereby, it will cause this Agreement and said Lease, and thereafter from time to time any and all supplemental agreements and leases which may be executed pursuant to the terms hereof and of said Lease, to be duly filed or recorded in all public offices as may be required by law for the full protection of the title of the Trustee and the rights of the holders of the Trust Certificates, so that this Agreement and said Lease and all said other instruments shall at all times be duly filed and recorded. In like manner the Company will cause this Agreement and said Lease and all supplemental agreements and leases to be re-recorded, re-registered and refiled as may at any time be required by law for such protection.

SECTION 5. The Company covenants and agrees from time to time to do all such acts and execute all such instruments of further assurance as it shall be reasonably requested by the Trustee to do or execute for the purpose of fully carrying out and effectuating this Agreement and the Lease and the intent hereof and thereof.

The Company covenants that it will make payment of the rentals on account of the Trust Equipment as provided in this Agreement and in the Lease, notwithstanding that any of the Trust Certificates and dividend warrants shall have been acquired by the Company and not presented for cancellation or shall not have been presented for payment. Any and all Trust Certificates and dividend warrants acquired by the Company shall be presented to the Trustee for payment on



the respective due dates thereof, or at the option of the Company may be presented to the Trustee for cancellation prior to such dates, in which latter event the rentals applicable to such cancelled certificates or dividend warrants shall not be deposited with the Trustee. The Trustee, having received the rentals applicable to the payment of the Trust Certificates and dividend warrants, shall make payments in discharge of the same as therein provided, and thereupon shall cancel the Trust Certificates and dividend warrants so paid, and no Trust Certificates or dividend warrants in substitution therefor shall be issued.

SECTION 6. It being contemplated that all of said Three Million Six Hundred and Ninety Thousand Dollars (\$3,690,000) of certificates shall be issued forthwith upon the deposit with the Trustee or to its credit as Trustee hereunder of Three Million Six Hundred and Ninety Thousand Dollars (\$3,690,000) in cash, as in Article I of this Agreement provided, the Company covenants that it will pay to the Trustee the said rentals when and as the same shall become due and payable, as in this Agreement and in the said Lease provided, notwithstanding that any of such payments shall have become so due and payable prior to the delivery under the Lease to the Company of any of the Trust Equipment.

#### ARTICLE IV

SECTION 1. Neither the Trustee nor the Company nor the Guarantors shall or will directly or indirectly extend or assent to the extension of the time for the payment of any Trust Certificate or dividend warrant, but the same shall be paid as herein provided and cancelled, and no Trust Certifi-

cate or dividend warrant in substitution therefor shall be issued; and neither the Trustee nor the Company nor the Guarantors shall directly or indirectly be a party to or assent to any arrangement for purchasing or funding any of said Trust Certificates or dividend warrants, or for any advance or loan upon the same, at or after maturity. In case the time for payment of any Trust Certificate or dividend warrant shall be so extended, whether or not such extension be by or with the assent of the Trustee or the Company or the Guarantors, or in case, at or after maturity, any Trust Certificates or dividend warrants shall be purchased or funded, or an advance or loan upon the same shall be made, by or on behalf of the Trustee or the Company or the Guarantors or pursuant to any arrangement requested or assented to by any of them or to which any of them shall be a party or made with the privity of the Trustee or the Company or the Guarantors, such Trust Certificates and dividend warrants shall not be entitled to the benefit of the Lease or of this Agreement, except subject to the prior payment in full of the par value of all other Trust Certificates and dividend warrants, whether the same be then matured or unmatured.

SECTION 2. In case one or more of the events of default specified in subparagraphs (a), (b) and (c) of Paragraph 11 of the Lease shall occur and shall continue for the time and after the notice therein prescribed, the Trustee in its discretion may, and upon the written request of the holders of not less than twenty-five per cent (25%) in aggregate par value of the Trust Certificates then outstanding shall, upon being indemnified as hereinafter in Article V provided, by notice in writing delivered to the Company, declare the par value of all the Trust Certificates then outstanding to be due and

payable, and thereupon the same shall become and be immediately due and payable without further demand, together with interest, to the extent permitted by law, at the rate of four per cent (4%) per annum on any portion thereof overdue, and the Trustee shall be entitled to enforce all the terms and stipulations of the Lease and the remedies therein provided for the benefit of the holders of the Trust Certificates.

## ARTICLE V

SECTION 1. The Trustee hereby accepts the trusts imposed upon it by this Agreement and the Lease, and covenants and agrees to perform the same as herein and therein expressed.

SECTION 2. The Trustee covenants and agrees to apply and distribute the rentals received by it under subdivision B of Paragraph 2 of the Lease, when and as the same shall be received, for the following purposes and in the following order, to-wit:

(a) To the payment of the necessary and reasonable expenses of the trust, including compensation, expenses and liabilities provided for in this Agreement and all expenses connected with the Trust Equipment and the Lease thereof, including the purposes referred to in subparagraph (a) of subdivision B of Paragraph 2 of the Lease;

(b) To the payment of any and all taxes, assessments and other governmental charges assessed or levied upon the income or property of the trust, or the Agreement and Lease evidencing the same, which the Trustee as such may be required to pay;

(c) To the payment of the dividend warrants attached to the Trust Certificates, or in the case of the issue of temporary Trust Certificates without dividend warrants, to the payment of the dividends payable thereon, when and as such dividend warrants or dividends shall become payable, subject to the provisions of Section 1 of Article IV hereof;

(d) To the payment of the par value of the Trust Certificates outstanding when and as the same shall become payable according to the terms thereof or hereof, subject to the provisions of Section 1 of Article IV hereof; and

(e) To the payment of interest, to the extent permitted by law, upon any due and unpaid dividends on the Trust Certificates and upon any due and unpaid amounts of par value of Trust Certificates, at the rate of four per cent (4%) per annum.

Nothing herein or in the Trust Certificates or the Lease contained shall be deemed to impose on the Trustee or on the Company or on the Guarantors any obligation to pay to the bearer or registered holder of any Trust Certificate or to the bearer of any dividend warrant any amount required by any law of the United States of America or of any State or subdivision thereof or of any Territory or of the District of Columbia to be withheld from the amount payable to the holder of any Trust Certificate or dividend warrant.

**SECTION 3.** The Trustee shall cause to be kept, at its principal office in the City of Portland, State of Oregon, books for the registration and transfer of the Trust Certificates, and upon presentation for such purpose the Trustee will register

or cause to be registered as hereinbefore provided, and under such reasonable regulations as it may prescribe, the par value of the Trust Certificates, but not the dividend warrants attached thereto or any other dividend warrants.

For any registration, transfer or discharge from registration, the Trustee shall require the payment by the holder of a sum sufficient to reimburse it for any tax, stamp tax or other governmental charge connected therewith.

SECTION 4. The Trustee shall not be required to undertake any act or duty in the way of taking care of or taking possession of the Trust Equipment or to undertake any other act or duty under this Agreement or the Lease until indemnified to its satisfaction by the Company or by one or more holders of the Trust Certificates against all liability and expenses. No duty of insurance or of repair or protection of any of the Trust Equipment is incumbent upon the Trustee. nor shall it be responsible for the filing, registration or recording or the refiling, re-registration or re-recording of this Agreement or of the Lease or of any other instrument executed pursuant hereto or thereto; and the Trustee may issue and deliver Trust Certificates in advance of such filing, registration or recording. In accepting delivery of and making payment for the Trust Equipment hereunder, the Trustee may rely upon and shall be fully protected by the certificates, bills of sale and opinions of counsel to be furnished to it under Section 5 of Article I of this Agreement and shall not be required to make any further investigation of or inquiry concerning the matters covered thereby.

SECTION 5. The Trustee shall be under no obligation to take any action for the execution or enforcement of any of the trusts hereby created unless requested thereunto in writ-

ing by the holders of not less than twenty-five per cent (25%) in aggregate par value of the Trust Certificates then outstanding and unless indemnified to its satisfaction against expense and liability and unless also furnished with proof satisfactory to it as to the ownership of the Trust Certificates and dividend warrants in respect of which any notice or request may be made; but neither any such request nor this provision therefor shall affect any discretion herein elsewhere or in the Lease specifically given to the Trustee either to determine whether it shall take action in respect of any such default or to take action without request.

SECTION 6. No holder of any Trust Certificate or dividend warrant issued hereunder shall have any right to institute any suit, action or proceeding for the execution and enforcement of the trust hereby created unless, after the aforesaid request in writing by the holders of not less than twenty-five per cent (25%) in aggregate par value of the Trust Certificates then outstanding shall have been made upon the Trustee, and after indemnity satisfactory to it shall have been provided, the Trustee shall decline, fail or neglect for ninety (90) days after the furnishing of such indemnity to institute proceedings or take action for the execution and enforcement of the trust; nor shall any holder have any such right if the holders of a majority of the par value of the Trust Certificates shall have directed that no action be taken.

SECTION 7. The Trustee may conclusively assume for all purposes that the Company is not in default under the terms hereof or of the Lease until notified in writing to the contrary by the holders of not less than ten per cent (10%) in aggregate par value of the Trust Certificates then outstand-

ing, which notice shall distinctly specify the event of default desired to be brought to the attention of the Trustee.

SECTION 8. The Trustee shall not be liable on account of any action of the Trustee based upon any notice, consent, order, certificate, warrant or other paper or instrument believed by it to be genuine or authentic or to be signed by the proper party or parties.

SECTION 9. The Trustee shall not be liable for any delay in the delivery of any of the Trust Equipment, or for any default on the part of the manufacturers thereof or of the Vendor, or for any defect in any of said Trust Equipment, nor shall anything herein or in the Lease be construed as a warranty on the part of the Trustee in respect thereof or as a representation in respect of the value thereof or in respect of the title thereto.

The Trustee may perform its powers and duties hereunder and under the Lease by or through such attorneys, agents and servants as it shall appoint, and shall be entitled to rely upon the advice of counsel (who may be counsel of the Company), and shall be protected by the advice of such counsel in anything done or omitted to be done by it in accordance with such advice. The Trustee shall not be answerable for any act or omission to act in connection with the trust hereby created unless the same shall happen through its own negligence or wilful default. The Trustee shall not be responsible in any way for the recitals herein or in the Lease contained or for the execution or validity of this Agreement or of the Lease or of the Trust Certificates, or the guaranty by the Company or the Guarantors, or for any mistake of fact or law.

The Trustee shall be entitled to receive payment of its liabilities and all its reasonable expenses and disbursements hereunder and under the Lease, including reasonable counsel fees, and to receive reasonable compensation for all services rendered by it in the execution of the trust hereby created, all of which shall be paid by the Company or in default of such payment out of the rentals or proceeds or avails of the Trust Equipment.

The Trustee in its individual capacity may own, hold and dispose of Trust Certificates and dividend warrants with the same rights which it would have if it were not Trustee.

SECTION 10. If at any time the Trustee shall desire to divest itself of title to the Trust Equipment and to terminate its duties and obligations and rights under this Agreement, the Lease and the Trust Certificates, it shall so notify the Company in writing and the Company shall thereupon designate in writing to the Trustee a national bank or a trust company, qualified as below specified to serve as successor to the Trustee until and unless a substituted successor trustee shall be appointed by the holders of Trust Certificates as hereinafter provided, to which may be assigned the entire right, title and interest of the Trustee in the Trust Equipment and in which may be vested the rights, powers, duties and obligations of the Trustee under this Agreement, the Lease and the Trust Certificates. Upon the transfer and delivery of all moneys, United States Government securities, if any, and Trust Equipment held by the Trustee, and of all books, records, documents and instruments necessary for the execution of the trust, and payment of its compensation, expenses and liabilities, and upon the execution by the retiring Trustee of such instruments of transfer as reasonably may be re-



quired by the successor, and upon acceptance by the successor of the assignment and of the trust, the retiring Trustee shall be relieved and discharged of all the title, rights, powers, duties and obligations of the trust under this Agreement, the Lease and the Trust Certificates, and the same shall become vested in such successor as trustee, and every provision of this Agreement and the Lease applicable to the retiring Trustee shall apply to such successor trustee with like effect as if originally named herein in the place and stead of the party of the second part and in the Lease in the place and stead of the party of the first part. In the event that the Company shall fail to designate such a successor by instrument in writing delivered to the retiring Trustee within fifteen (15) days from the date of receipt of such notice in writing from the retiring Trustee, the retiring Trustee may thereupon designate such successor trustee. In case a successor trustee shall be appointed at any time by the Company or by the retiring Trustee pursuant to the foregoing provisions of this Section, the holders of a majority in par value of the Trust Certificates then outstanding shall have the right, at any time within six months after the date of said written notice received by the Company under this Section, to appoint and substitute a successor trustee chosen by such majority of said holders. Such appointment shall be made by an instrument in writing executed by such majority of such holders, in duplicate, and by delivery of one copy thereof to the Company and one copy thereof to the successor trustee appointed by the Company or by the Trustee under this Section. Thereupon, within fifteen (15) days after such delivery of such written instrument of appointment, such successor trustee shall transfer and deliver to such substituted successor trustee all moneys, United States Government securities,

if any, and Trust Equipment held by it and all books, records, documents and instruments necessary for the execution of the trust, and shall execute such instruments of transfer as reasonably may be required by the substituted successor trustee; and upon acceptance thereof by such substituted successor trustee the retiring successor trustee shall be relieved and discharged of all the title, rights, powers, duties and obligations of the trust under this Agreement, the Lease and the Trust Certificates, and the same shall become vested in such substituted successor trustee, and every provision of this Agreement and the Lease applicable to the successor trustee shall apply to such substituted successor trustee with like effect as if originally named herein in the place and stead of the party of the second part and in the Lease in the place and stead of the party of the first part.

In any such event such successor trustee or substituted successor trustee shall execute and deliver to the Company an acceptance of the trust in such form as the Company shall reasonably request, and the Company shall execute all such writings recognizing the transfer of title as aforesaid and all such instruments of further assurance or otherwise as may be reasonably requested by the successor trustee or substituted successor trustee in the premises, and shall do and perform any and all acts necessary to establish and maintain the title and rights of the successor trustee or substituted successor trustee in and to the Trust Equipment. Every successor trustee or substituted successor trustee shall be a national bank or a trust company doing business in the City of Portland, State of Oregon, or in the City of New York, State of New York, and having a capital and surplus aggregating at least Five Million Dollars (\$5,000,000), if there be such national bank or trust company willing and able to accept the trust upon reasonable and customary terms.

Any corporation resulting from any merger or consolidation to which the Trustee or its corporate successor shall be a party, or any corporation shown to the satisfaction of the Company to have succeeded in any manner to the business of the Trustee as a whole or substantially as a whole, provided in either event such corporation shall be one having corporate power to act as trustee hereunder organized under the laws of the United States of America or of the States of Oregon or New York, doing business in the City of Portland, State of Oregon, or in the City of New York, State of New York, and having a capital and surplus aggregating at least Five Million Dollars (\$5,000,000), shall be the successor trustee under this Agreement and the Lease without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

All of the provisions of this Section relating to retirement of the Trustee, appointment of successor trustee by the Company, by the Trustee or by the holders of Trust Certificates, and succession (whether by appointment or otherwise) and qualification of successor trustees shall apply to any future trustee in like manner as to the party of the second part.

#### ARTICLE VI

No recourse under any obligation, covenant or provision of this Agreement or of the Lease, or of the guaranty of the Company or of the Guarantors respecting any Trust Certificate or dividend warrant issued hereunder, shall be had against any stockholder, officer or director of the Company or of the Guarantors, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any

statute or otherwise; it being expressly agreed and understood that this Agreement, said Lease and said guaranty are solely corporate obligations, and that no personal liability whatever shall attach to or be incurred by the stockholders, officers or directors of the Company or of the Guarantors, or any of them, under or by reason of any of the obligations, covenants or agreements contained in this Agreement or in said Lease or in the guaranty of the Company or of the Guarantors respecting any of the Trust Certificates or dividend warrants issued hereunder, or implied therefrom or from any present or future law relative thereto, and that any and all personal liability, either at common law or in equity, or by statute or constitution, of every such stockholder, officer or director is hereby expressly waived as a condition of and consideration for the execution of this Agreement and of said Lease and the issue of such Trust Certificates and dividend warrants.

#### ARTICLE VII

Any request or other instrument provided by this Agreement or the Lease to be signed or executed by holders of Trust Certificates may be in any number of concurrent instruments of similar tenor, and may be executed by such holders in person, or by an agent or attorney appointed by an instrument in writing. Proof of the execution of any such request or other instrument, or of a writing appointing any such agent or attorney, or of the holding by any person of Trust Certificates, shall be conclusive in favor of the Trustee with regard to any action taken by the Trustee under such request or other instrument, and may be relied upon by the Trustee for any purpose of this Agreement or the Lease, if made in the following manner:

(a) The fact and date of the execution by any person of any such request or of any other instrument in writing may be proved (i) by the certificate of any notary public or of any other officer authorized to take acknowledgments of deeds to be recorded in the state where the acknowledgements may be taken, certifying that the person signing such request or other instrument acknowledged to him the execution thereof, or (ii) by the affidavit of a witness to such execution.

(b) The amount of unregistered Trust Certificates held by any person executing any such request or other instrument as a holder of Trust Certificates, and the serial numbers of the Trust Certificates held by such person and the date of his holding the same, may be proved by a certificate executed by any trust company, bank, bankers or other depositary, wheresoever situated, if deemed satisfactory by the Trustee, showing that at the date therein mentioned such person had on deposit with or exhibited to such depositary the unregistered Trust Certificates numbered and described in such certificate. The Trustee may presume the continuance of any such holding unless and until it shall receive proof satisfactory to it to the contrary.

(c) The ownership of Trust Certificates registered as to par value shall be proved only by the registration books of the Trustee.

#### ARTICLE VIII

At the termination of the Lease to the Company, any moneys and securities derived from this Agreement or the

Lease remaining in the hands of the Trustee, after paying the par value of and any dividends upon the Trust Certificates, and the expenses and liabilities of the Trustee, including its reasonable compensation and counsel fees, shall be paid or delivered to the Company.

#### ARTICLE IX

Nothing in this Agreement or in the Lease expressed or implied is intended or shall be construed to confer upon, or to give to, any person, firm or corporation other than the parties hereto and the holders of the Trust Certificates and appurtenant dividend warrants, any right, remedy or claim under or by reason of this Agreement, or of any term, covenant or condition thereof, and all of the terms, covenants, conditions, promises and undertakings of this Agreement and the Lease shall be for the sole and exclusive benefit of the parties hereto and their successors and assigns and, subject to the provisions of Section 6 of Article V of this Agreement, of the holders of the Trust Certificates and dividend warrants.

#### ARTICLE X

The term "Trustee" as used herein and in the Lease shall be held and construed to mean The First National Bank of Portland, and, unless otherwise indicated by the context, any successor trustee or substituted successor trustee appointed pursuant to the provisions of Section 10 of Article V hereof, and the word "Company" shall be held and construed to mean and include Spokane, Portland and Seattle Railway Company, its successors and assigns; "Guarantors"

shall be held to mean and include Northern Pacific Railway Company and Great Northern Railway Company, respectively, and the successors and assigns of each of them; and the word "holder" shall include the plural as well as the singular number and, unless otherwise indicated by the context, shall mean and include the bearer of any unregistered Trust Certificate and of any dividend warrant and the registered holder of any registered Trust Certificate. The liabilities of the Trustee wherever referred to herein or in the Lease shall be held and construed to mean all liabilities incurred by the Trustee arising out of or connected with this Agreement or the Lease or the ownership or use of any of the Trust Equipment other than those liabilities resulting from its own negligence or wilful default. The term "Trust Equipment", wherever used herein or in the Lease, unless otherwise indicated by the context, is intended to include all railroad equipment at any time covered by the Lease or any supplemental lease or this Agreement or required or intended so to be.

Whenever under the provisions hereof or of the Lease it is necessary or proper for any notice or demand to be made to or upon the Company, the Guarantors, or the Trustee, or if at any time it is desired to give any such notice or make any such demand, such notice or demand may be given or made by depositing a written statement thereof, securely enclosed in a postpaid wrapper, for transmission by registered United States mail, directed to the Company at 1101 N. W. Hoyt Street, Portland 9, Oregon, or to such other address as the Company at any time shall designate by written notice to the Trustee, directed to Northern Pacific Railway Company at 176 East Fifth Street, St. Paul 1, Minnesota, or

to such other address as Northern Pacific Railway Company at any time shall designate by written notice to the Trustee, directed to Great Northern Railway Company at 175 East Fourth Street, St. Paul 1, Minnesota, or to such other address as Great Northern Railway Company at any time shall designate by written notice to the Trustee, or directed to The First National Bank of Portland, at its principal office at Portland, Oregon, or to such other address as the Trustee at any time shall designate by written notice to the Company, and an affidavit by any person representing or acting on behalf of the Trustee or of the Company or of either of the Guarantors, respectively, as to such mailing, having the registry receipt attached, shall be conclusive evidence of the giving of such notice or the making of such demand.

This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

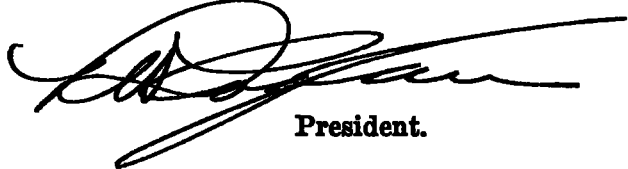
IN WITNESS WHEREOF, the Vendor and the Trustee and the Company and each of the Guarantors have caused their names to be signed hereto by their respective officers thereunto duly authorized and their respective corporate seals to



be hereunto affixed, duly attested, as of the day and year first  
above written.

BURLINGTON EQUIPMENT COMPANY

By



President.

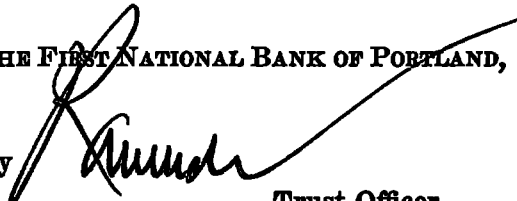
Attest:



Secretary.

THE FIRST NATIONAL BANK OF PORTLAND,

By



Trust Officer.

Attest:



Secretary.

SPOKANE, PORTLAND AND SEATTLE  
RAILWAY COMPANY

By   
Vice President.

Attest:

  
Secretary.

NORTHERN PACIFIC RAILWAY COMPANY

By   
Vice President.


Attest:

  
Assistant Secretary.

GREAT NORTHERN RAILWAY COMPANY

By   
Vice President.

Attest:

  
Assistant Secretary.

---

(United States Internal Revenue Stamps for \$4,059 have been affixed to an original counterpart hereof in the possession of the Trustee and have been duly cancelled.)

STATE OF ILLINOIS  
COUNTY OF COOK

} ss.

On this 12<sup>th</sup> day of April, 1957, before me personally appeared R. W. Cogan, to me personally known, who, being by me duly sworn, says that he is President of Burlington Equipment Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



*R. W. Smith*

R. W. SMITH  
Notary Public, Cook County, Ill.  
My Commission Expires March 31, 1961

STATE OF OREGON  
COUNTY OF MULTNOMAH } ss.

On this 16 day of April, 1957, before me personally appeared RA WELCH, to me personally known, who, being by me duly sworn, says that he is Trust Officer of The First National Bank of Portland, a national banking association, that the seal affixed to the foregoing instrument is the seal of said association, that said instrument was signed and sealed on behalf of said association by authority of the Executive Committee of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

*Garth F. Steltenpohl*

**GARTH F. STELTENPOHL.**

NOTARY PUBLIC FOR OREGON  
My Commission Expires May 10, 1957

STATE OF OREGON  
COUNTY OF MULTNOMAH } ss.

On this *15<sup>th</sup>* day of April, 1957, before me personally appeared L. W. ALBERTSON, to me personally known, who, being by me duly sworn, says that he is Vice President of Spokane, Portland and Seattle Railway Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Trustees, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

*Frederick H. Torp*  
FREDERICK H. TORP

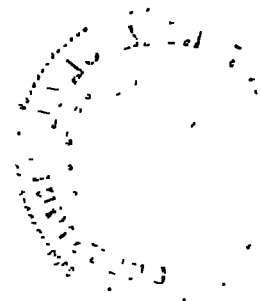
NOTARY PUBLIC FOR OREGON  
My Commission Expires June 29, 1958

STATE OF MINNESOTA }  
COUNTY OF RAMSEY } ss.

On this 11<sup>th</sup> day of April, 1957, before me personally appeared ROBERT S MACFARLANE, to me personally known, who, being by me duly sworn, says that he is ~~Vice~~ President of Northern Pacific Railway Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of the Executive Committee of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

*J. H. McCarthy*

J H McCARTHY,  
Notary Public, Ramsey County, Minn.  
My Commission Expires Jan 7, 1961.



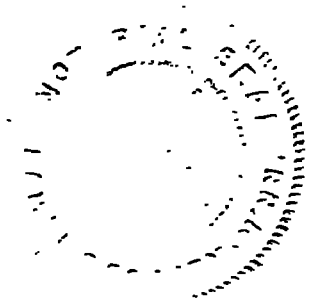
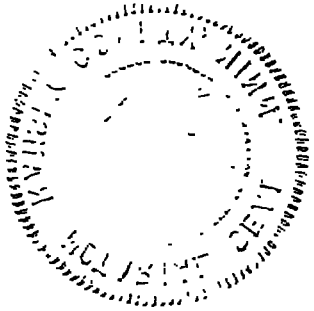
STATE OF MINNESOTA }  
COUNTY OF RAMSEY } ss.

On this *10<sup>th</sup>* day of April, 1957, before me personally appeared V. P. TURNBURKE, to me personally known, who, being by me duly sworn, says that he is Vice President of Great Northern Railway Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of the Executive Committee of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

*Mary Welch*

MARY WELCH

Notary Public, Ramsey County, Minn.  
My Commission Expires Dec. 30, 1960



## LEASE

THIS LEASE AGREEMENT, dated April 1, 1957, by and between THE FIRST NATIONAL BANK OF PORTLAND, a national banking association duly organized and existing under the laws of the United States of America, Trustee as hereinafter mentioned (hereinafter called the "Trustee"), of the first part, and SPOKANE, PORTLAND AND SEATTLE RAILWAY COMPANY, a corporation duly organized and existing under the laws of the State of Washington (hereinafter called the "Company"), of the second part,

WITNESSETH: THAT

WHEREAS, by a certain Agreement (hereinafter called the "Agreement"), bearing even date herewith, among BURLINGTON EQUIPMENT COMPANY, Vendor, THE FIRST NATIONAL BANK OF PORTLAND, as Trustee, SPOKANE, PORTLAND AND SEATTLE RAILWAY COMPANY, and NORTHERN PACIFIC RAILWAY COMPANY and GREAT NORTHERN RAILWAY COMPANY, as Guarantors, a counterpart original whereof is hereto prefixed and made a part hereof, there was constituted "SPOKANE, PORTLAND AND SEATTLE RAILWAY EQUIPMENT TRUST OF 1957", under which the equipment hereinafter described has been or will be transferred to the Trustee and the title thereto vested in the Trustee, and leased to the Company hereunder,

NOW, THEREFORE:

1. In consideration as well of the sum of One Dollar (\$1.00) paid by the Company to the Trustee at or before the ensealing and delivery hereof, the receipt whereof is hereby acknowledged, and of the rents and covenants hereinafter



mentioned to be paid, kept and performed by the Company, the Trustee has let and leased, and by these presents does hereby let and lease, to the Company for the term of fifteen (15) years from and after April 1, 1957, unless sooner terminated as hereinafter provided, all of the following described new standard-gauge railroad equipment, constructed of unused material, whether the same be owned by the Trustee at the date hereof or be hereafter acquired by it, to-wit:

<i>Number of Units</i>	<i>Description of Equipment</i>	<i>Name of Builder</i>
500	50' 6" 50-ton, steel-sheathed, wood-lined box cars with nailable steel floors. Spokane, Portland and Seattle Railway Company's road Nos. 14000 to 14499, inclusive. Estimated cost \$9,238 each.	Great Northern Railway Company

together with such other railroad equipment as may be acquired for said Trust in substitution for any of the equipment above described, or in addition thereto, and subjected to this Lease as hereinafter provided (hereinafter collectively called the "Trust Equipment").

The estimated cost of the railroad equipment above specifically described, when completed, is not less than Four Million Six Hundred and Nineteen Thousand Dollars (\$4,619,000), the respective estimated unit prices being as hereinbefore set out.

If strikes, material shortages, or other causes beyond its

control prevent the Vendor from acquiring any of the Trust Equipment above specifically described, then to the extent that such acquisition is prevented, at the election of the Company, there may be acquired and subjected to this Lease as and when acquired, other new standard-gauge railroad equipment, other than work or passenger equipment, of such classes or types and of such material and construction as may be approved by the Company, and of a total cost not less than the estimated cost of the equipment in place of which it was acquired. The substituted Trust Equipment shall be deemed a part of the Trust Equipment for all purposes including the payment of "deposited cash" in respect of the cost thereof, and the equipment in place of which the substituted equipment is acquired shall be eliminated from the Trust Equipment. The Trustee shall execute to the Company a supplemental lease of such substituted equipment, subjecting it to all the terms and conditions hereof.

If the aggregate final cost of all the Trust Equipment acquired by the Vendor as specifically described above or in substitution therefor pursuant to the provisions of the second paragraph of Section 1 of Article I of the Agreement should be less than Four Million Six Hundred and Nineteen Thousand Dollars (\$4,619,000), then in addition to that equipment there is to be acquired by said Vendor, and subjected to this Lease, other new standard-gauge railroad equipment, other than work or passenger equipment, of such classes or types as may be approved by the Company, of substantially as good material and construction as the equipment above specifically described, and of such cost that the aggregate final cost of all the Trust Equipment acquired will be at least said sum; and the Trustee shall execute to the Company a supplemental lease thereof, describing the same and

stating the estimated cost thereof, upon and subject to the terms and conditions hereof and of the Agreement and such additional equipment shall be part of the Trust Equipment, subject to all the terms and conditions hereof and of the Agreement in all respects as though it had been part of the original Trust Equipment herein described.

As and when any of the Trust Equipment shall from time to time be transferred and delivered to the Trustee under the Agreement and marked in accordance with the provisions of Paragraph 4 hereof, the same shall be delivered by the Trustee to the agents of the Company at the place or places provided for in Section 1 of Article I of the Agreement and shall upon such delivery to the Company, *ipso facto* and without further deed of lease or transfer, pass under and become subject to all the terms and provisions of this Lease, and be deemed a portion of the Trust Equipment leased by the Trustee to the Company hereunder in all respects as if the same had been so delivered simultaneously with the execution and delivery hereof, and at and for the rent hereinafter set out, and upon the terms, conditions and covenants following.

2. The Company hereby accepts (subject to the terms of the Agreement) this Lease of the Trust Equipment and hereby agrees to accept delivery and possession hereunder of said Equipment as hereinbefore provided; and the Company covenants and agrees to pay, in such coin or currency of the United States of America as at the time of payment shall be legal tender for public and private debts, to the Trustee, or its assigns, at the principal office of the Trustee, in the City of Portland, Oregon, rent hereunder which shall be sufficient to pay and discharge the following items, when and as the same shall become due and payable:

A. From time to time, as provided in said Agreement, the Company shall pay to the Trustee, as advance rental under this Lease, sums which in the aggregate shall be equal to the difference between the total cost of the Trust Equipment and the portion of such cost to be provided out of the net proceeds of sale of the Trust Certificates to be issued as set forth in the Agreement, the intention being that when all of the Trust Equipment shall have been delivered to the Trustee, the Company shall have paid or shall pay to the Trustee, as advance rental under this Lease, a sum equal to the amount by which the entire cost of the Trust Equipment exceeds the net proceeds of the sale of the aforesaid Trust Certificates and in no event less than twenty per cent (20%) of the entire cost of the Trust Equipment. The Company agrees to pay such advance rental as follows:

(a) Promptly upon the execution of this Lease, if necessary, a sum which when added to the net proceeds of the sale of the Trust Certificates paid to the Trustee by the Vendor, will make the total sum deposited equal to Three Million Six Hundred and Ninety Thousand Dollars (\$3,690,000);

(b) From time to time upon delivery of any of the Trust Equipment to the Trustee, and part payment therefor by the Trustee out of "deposited cash" (as defined in Section 4 of Article I of the Agreement), amounts equal to the remainder of the cost of such delivered equipment, being not less than twenty per cent (20%) of such cost.

B. In addition to such advance rental the Company shall pay to the Trustee, from time to time as below provided, as rental for the Trust Equipment and replacements, and

whether or not at the time any thereof shall have been delivered to the Company, the following:

(a) The necessary and reasonable expenses of the trust, including compensation, expenses and liabilities provided for in the Agreement and all expenses connected with the Trust Equipment and this Lease thereof; and expenses or obligations for any other amounts incurred or sustained in connection with any purchase or sale of United States Government securities, including premium and accrued interest payable in connection with any such purchase; and, when and as demanded by the Trustee, any sums which under the provisions of Section 6 of Article I of said Agreement shall be required to make up any deficit resulting from the sale of United States Government securities for less than the amount of "deposited cash" or other cash applied to their purchase;

(b) Amounts sufficient to discharge any and all taxes, assessments and governmental charges assessed or levied upon or on account of the income or property of the trust, or the Agreement and this Lease evidencing the same, which the Trustee as such may be required to pay;

(c) A sum equal to the dividend warrants appurtenant to the Trust Certificates, when and as the same shall become payable, and, in the case of the issue of temporary Trust Certificates without dividend warrants, the dividends payable thereon on the respective dates on which such dividend warrants or dividends shall severally become payable; also, to the extent permitted by law, a sum equal to interest at the dividend rate

from the due date, upon the amount of any installments of rental payable under this subparagraph (c) and the following subparagraph (d) which shall not be paid when due; and

(d) The amount of the par value of the trust certificates outstanding, when and as the same shall become payable, whether upon the respective dates of maturity thereof or otherwise under the provisions thereof or of said Agreement.

Nothing herein or in the Trust Certificates or the Agreement contained shall be deemed to impose on the Trustee or on the Company any obligation to pay to the bearer or registered holder of any Trust Certificate or to the bearer of any dividend warrant any amount required by any law of the United States of America or of any State or subdivision thereof or of any Territory or of the District of Columbia to be withheld from the amount payable to the holder of any Trust Certificate or dividend warrant.

3. At the termination of this Lease and after all payments due or to become due from the Company hereunder and under the Agreement shall have been completed and fully made to the Trustee, such payments shall be then applied as purchase money and treated as the full purchase price of the Trust Equipment, and the title to all of the Trust Equipment and to all replacements thereof made hereunder shall vest in the Company, and thereupon the Trustee shall execute for recording or filing in public offices such instrument or instruments in writing as reasonably shall be requested by the Company in order then to make clear upon the public records the title of the Company to all of the Trust Equip-

ment and replacements thereof, under the laws of any jurisdiction; *provided, however*, and it is hereby agreed, that until then the title to none of the Trust Equipment shall pass to or vest in the Company, but title to and ownership of all the Trust Equipment shall be reserved to and remain in the Trustee, notwithstanding the delivery of the Trust Equipment to and the possession and use thereof by the Company.

4. At or before the delivery to the Company of each unit of the Trust Equipment, there shall be plainly, distinctly, permanently and conspicuously placed and fastened upon each side thereof a metal plate bearing the following words, or such words shall be otherwise plainly, distinctly, permanently and conspicuously marked on each side thereof, in either case in letters not less than one inch in height:

**SPOKANE, PORTLAND AND SEATTLE RAILWAY EQUIPMENT  
TRUST OF 1957**

**THE FIRST NATIONAL BANK OF PORTLAND,  
TRUSTEE, OWNER, LESSOR.**

Such plates or marks shall be such as to be readily visible and as to indicate plainly the Trustee's ownership of said equipment. In case, during the continuance of this Lease, any of such plates or marks shall at any time be removed, defaced or destroyed, the Company shall immediately cause the same to be replaced.

The Company shall not change, or permit to be changed, the road numbers of any of the Trust Equipment at any time covered by this Lease (nor any road numbers which may be substituted as herein provided), except in accordance with a statement of new road numbers to be substituted therefor,

which shall previously have been filed with the Trustee by the Company and consented to by the Trustee and, if necessary in the opinion of the Trustee, recorded or filed in each public office where this Lease or the Agreement or any supplement to either shall have been recorded or filed.

The Company will not allow the names of any persons, associations or corporations to be placed on any of the Trust Equipment as a designation which might be interpreted as a claim of ownership by the Company or anyone other than the Trustee; *provided, however*, that the Company may cause the said equipment to be lettered "Spokane, Portland and Seattle Railway Company", or in some other and substantially similar manner for convenience of identification of the leasehold interest of the Company therein.

5. The Company covenants and agrees to indemnify the Trustee against all claims arising out of or connected with the ownership or use of any of the Trust Equipment or replacements thereof, other than those resulting from its own negligence or wilful default, and particularly against any or all claims arising out of the use of any patented inventions in and about the Trust Equipment or replacements, and to comply in all respects with the laws of the United States and of all the States in which the Trust Equipment or any part thereof may be operated, and with all lawful acts, rules, regulations and orders of the Interstate Commerce Commission and of all other commissions or boards, and of all other legislative, executive or judicial bodies or officers having power to regulate or supervise any of the Trust Equipment, including without limitation all lawful acts, rules, regulations and orders of any body having competent jurisdiction relating to automatic coupler devices or attachments, air brakes



or other appliances; *provided, however*, that the Company may in good faith contest the validity of any such law, act, rule, regulation or order or the application thereof to the Trust Equipment or any part thereof, in any reasonable manner which, in the judgment of the Trustee, will not materially endanger the rights or interests of the Trustee or of the holders of the Trust Certificates. The Company shall not be relieved from any of its obligations under this Lease by reason of the assertion or enforcement of any such claims or the commencement or prosecution of any litigation in respect thereof.

6. It being desirable for the interests of both parties to this Lease that any of the Trust Equipment which in any respect shall have become worn out, or unsuitable, or not needed for the use of the Company, should be released and promptly sold and replaced, it is hereby mutually understood and agreed that at any time hereafter until title thereto shall become vested in the Company, the Trustee will sell any such units of the Trust Equipment then subject to this Lease, upon the written request of the Company, signed by either its President, a Vice President, its Treasurer, or its Comptroller, accompanied by a certified copy of a resolution of its Board of Directors or Executive Committee authorizing such request, describing such units, and noting that they have become worn out, or unsuitable, or not needed for the use of the Company, stating the name of the proposed purchaser, the selling price thereof and specifying the original cost and fair value in good condition thereof. No such sale of any of the Trust Equipment shall be made for less than the fair value of the unit sold as in good condition at the time of sale, unless and until the Company shall have paid

to the Trustee the difference between the price at which it is to be sold and such fair value as in good condition. The proceeds of all such sales shall be received by the Trustee in trust for the benefit of the holders of the Trust Certificates pending replacement of such Trust Equipment.

The Company, during the continuance of this Lease, shall maintain and keep all of the Trust Equipment hereby leased to it in good order and repair at its own proper cost and expense, and shall replace at its own cost any of said equipment that may be released, worn out, unsuitable for use, lost or destroyed, by new standard-gauge railroad equipment, other than work or passenger equipment, marked as provided in Paragraph 4 of this Lease, of substantially as good material and construction and of a value equal to the fair value, determined as hereinafter in this Paragraph 6 provided, of the equipment so released, worn out, unsuitable for use, lost or destroyed, the value of the new equipment to be deemed its cost, if that be below market value, or its market value if that be below cost, and shall cause the title to all such new equipment to be vested in the Trustee, free from any lien or charge; *provided, however*, that the Company may, in lieu of such replacement, or pending replacement of such Trust Equipment, deposit with the Trustee in cash and in trust for the benefit of the holders of the Trust Certificates, the then fair value, determined as hereinafter in this Paragraph 6 provided, of the Trust Equipment so released, worn out, unsuitable for use, lost or destroyed. Any cash so deposited with the Trustee shall at the request of the Company be invested in United States Government securities upon the terms and conditions provided in Section 6 of Article I of the Agreement. All such new equipment shall forthwith become subject to the terms and conditions of this Lease and of the

Agreement as though it had been part of the original Trust Equipment, and the Trustee shall execute to the Company a supplemental lease thereof. At the time of every such replacement, the Company shall deliver to the Trustee a certificate, which the Trustee may accept as conclusive, of the President or a Vice President of the Company, stating the cost and reasonable market value of the new equipment used for such replacement and the fair value, determined as hereinafter in this Paragraph 6 provided, of the Trust Equipment so released, worn out, unsuitable for use, lost or destroyed, together with a bill or bills of sale, an opinion of counsel (who may be counsel of the Company) satisfactory to the Trustee, and a certificate as to delivery, all in like manner as is provided in Section 5 of Article I of the Agreement. The rights and remedies of the Trustee under this Lease and the right of the Trustee to recover any of the rental payments from the Company shall not be affected by reason of the leased equipment or any thereof becoming released or wholly or partly worn out, unsuitable for use, lost or destroyed.

For the purposes of this Paragraph 6, the fair value of any unit of the Trust Equipment shall be considered to be the original cost thereof less five per cent (5%) of said original cost for each full year (but not pro rata for any part of a year) during which the unit was subject to this Lease prior to the date at which the fair value is so to be determined.

7. The Company will furnish to the Trustee, on or before the 31st day of March, 1958, and on or before the 31st day of March in every year thereafter during the continuance of this Lease, an accurate statement of inventory, signed by either its President, a Vice President, its Treasurer, or its

Comptroller, as of the preceding 31st day of December, of the said equipment then in actual service, and the road numbers and description of such as may have become worn out, unsuitable for use, or lost or destroyed by accident or otherwise, and of such as may have been repaired, other than running repairs, during the previous year, and also the numbers of any then undergoing such repair and in the shops for such repair. Together with said statement the Company shall also furnish to the Trustee a statement similarly so signed, stating that in the case of all of the Trust Equipment repaired or repainted during the preceding year the plates or marks required by Paragraph 4 of this Lease have been preserved thereon, or that the Trust Equipment when repaired or repainted has been again plated or marked as required by said Paragraph. The Trustee may nevertheless, in its discretion, if it deems it necessary for the protection of the bearers and registered holders of the Trust Certificates, at any time and at the expense of the Company, make investigation of such of the aforesaid matters and inspection of such of the Trust Equipment as the Trustee may deem desirable, and the Company covenants in that event to furnish to the Trustee all reasonable facilities for the making of such investigation or inspection.

8. The Company, so long as it shall not be in default under this Lease, shall be entitled to the possession of the Trust Equipment and the use thereof upon its lines of railroad or over those which the Company at the time shall have trackage rights, and upon connecting and other railroads in the usual interchange of traffic, from and after the delivery of the Trust Equipment by the Trustee to the Company, but only upon and subject to all the terms and conditions of this Lease and Agreement.

9. The Company covenants to file, register and record and to refile, re-register and re-record this Lease and the Agreement and any supplemental leases or agreements provided for herein or in the Agreement, as provided in Section 4 of Article III of the Agreement.

10. The Company shall not assign or transfer this Lease, or transfer or sublet the Trust Equipment or any part thereof, without the written consent of the Trustee first had and obtained; and the Company shall not without such written consent, except as hereinbefore provided, part with the possession of, or suffer or allow to pass out of its possession or control, any of the Trust Equipment. A transfer to a railroad company which shall acquire all or substantially all the lines of railroad of the Company and which shall assume and agree to perform each and all the obligations and covenants of the Company hereunder and under the Agreement and under the guaranty provided for in the Agreement shall not be deemed a breach of this covenant, but the appointment of a receiver or receivers or trustee or trustees in bankruptcy for the Company, or its property, or the filing of a petition, whether voluntary or involuntary, under the Federal Bankruptcy Act shall be deemed an unauthorized assignment by the Company of its rights and interest in the Trust Equipment and shall be deemed a breach of this covenant, unless any such receiver or receivers or trustee or trustees shall have been discharged within thirty (30) days after his or their appointment, or within a like period shall have assumed and agreed to perform each and all of the obligations and covenants hereunder and under the Agreement, in either case pursuant to due order or authority of the court by which he or they shall have been appointed, or any such

'petition shall have been withdrawn and proceedings thereon terminated within a like period, or unless within sixty days after the appointment of such receiver or receivers or trustee or trustees the Guarantors shall mail or cause to be mailed to each registered holder of Trust Certificates, and shall publish once, at any time prior to the expiration of said period, in one daily newspaper printed in the English language and of general circulation in the cities of New York, N. Y., Portland, Oregon, and Seattle, Washington, a notice stating that said Guarantors will, from time to time, in the event the Company or any such receiver or receivers or trustee or trustees shall default with respect thereto, pay or cause to be paid to the Trustee all rentals due from the Company under this Lease and the Agreement. The Trustee hereunder shall have the right to declare this Lease terminated in case of any unauthorized assignment or transfer of this Lease or unauthorized transfer or sublease of the Trust Equipment. The election of the Trustee to terminate this Lease under this clause shall have the same effect as the retaking of the Trust Equipment by the Trustee as hereinafter provided.

11. In case the Company

(a) shall make default in the payment of any part of said rental for more than thirty (30) days after the same shall become due and payable and the Guarantors referred to in the Agreement shall within such thirty (30) days have failed to pay the same, or cause it to be paid, or

(b) shall make or suffer any unauthorized assignment or transfer of its rights or interests in the Trust Equipment or any unauthorized sublease of, or, except as

herein authorized, part with the possession of the Trust Equipment, and shall fail or refuse either to cause such assignment or transfer or sublease to be cancelled by agreement of all parties having any interest therein and to recover possession of such Trust Equipment within thirty (30) days after the Trustee shall have demanded in writing such cancellation and recovery of possession, or within said thirty (30) days to deposit with the Trustee a sum in cash equal to the original cost of the Trust Equipment so assigned or transferred or subleased and not so recovered (any sum so deposited to be returned to the Company upon the cancellation of such assignment, transfer or sublease and the recovery of possession by the Company of such Trust Equipment), or

(c) shall, for more than ninety (90) days after the Trustee shall have demanded in writing performance thereof, fail or refuse to comply with any other of the terms and covenants herein or in the Agreement on its part to be kept and performed, or to make provision satisfactory to the Trustee for such compliance,

then, in any such case (herein and in the Agreement sometimes called "events of default"), the Trustee, subject to the provisions of Section 2 of Article IV of the Agreement with respect to the authority of the holders of a majority in par value of the Trust Certificates to direct and control the action of the Trustee, at its option, may, and upon the written request of the holders of not less than twenty-five per cent (25%) in aggregate par value of the Trust Certificates then outstanding and upon being indemnified as in Article V of the Agreement provided shall, by notice in writing delivered

to the Company, declare to be due and payable forthwith the entire amount of the rentals (including any unpaid advance rental) payable by the Company as set forth in Paragraph 2 of this Lease, and not theretofore paid; and thereupon the entire amount of said rentals shall become and shall be due and payable immediately, without further demand, together with interest, to the extent permitted by law, at the dividend warrant rate on any portion thereof overdue; and for the total amount so becoming forthwith payable by the Company, the Trustee shall be entitled to recover judgment, with interest at the rate permitted by law, and to collect such judgment out of any property of the Company wherever situated. Any and all moneys so collected by the Trustee shall be applied by it as hereinafter provided.

12. The Company covenants that the Trustee, in case of the happening of any such event of default, also may by its agents enter upon the railroads and premises of the Company and take possession of all or any part of the Trust Equipment, and withdraw the same from said railroads and premises, retaining all payments which up to that time may have been made on account of rental for the Trust Equipment and otherwise, and shall be entitled to collect, receive and retain any *per diem*, mileage or other charges of any kind earned by the Trust Equipment or any part thereof, and may lease the Trust Equipment or any part thereof, or with or without retaking possession thereof (but only after making the declaration hereinabove provided for) may sell the same or any part thereof, free from any and all claims of the Company, at law or in equity, in one lot and as an entirety, or in separate lots, in so far as may be necessary to perform and fulfill the trusts under the Agreement, at public



or private sale, for cash or upon credit, in its discretion, and otherwise proceed to enforce its rights and the rights of the owners of interests under the Agreement and under this Lease in the manner therein and herein provided.

Upon any such sale, the Trustee itself may bid for the property offered for sale or any part thereof.

13. In case the Trustee shall rightfully demand possession of the Trust Equipment in pursuance of this Lease, and shall reasonably designate a point or points upon the railroad of the Company for the delivery of the Trust Equipment to it, the Company shall, at its own expense, forthwith and in the usual manner, cause the Trust Equipment to be moved to such point or points on said railroad as shall be designated by the Trustee and shall there deliver or cause to be delivered the same to the Trustee; or, at the option of the Trustee, the Trustee may keep the Trust Equipment on any of the lines of railroad or premises of the Company until the Trustee shall have leased, sold or otherwise disposed of the same, and for such purpose the Company agrees to furnish, without charge for rent or storage, the necessary facilities at any point or points selected by the Trustee reasonably convenient to the Company. It is hereby expressly covenanted and agreed that the covenants in this Paragraph contained are of the essence of the contract and that, upon application to any court having jurisdiction in the premises, the Trustee shall be entitled to a decree against the Company requiring the specific performance thereof.

14. Any such sale or sales may be held or conducted at such place or places and at such time or times, as the Trustee may specify, or as may be required by law, and without gathering at the place of sale the Trust Equipment to be sold,

and in general in such manner as the Trustee may determine, but so that the Company may and shall have a reasonable opportunity to bid at such sale.

15. Upon such taking possession or withdrawal or lease or sale of the Trust Equipment, the Company shall cease to have any rights or remedies in respect of the Trust Equipment under this Lease, but all such rights and remedies shall be deemed thenceforth to have been waived and surrendered by the Company, and no payments theretofore made by the Company for the rent or use of the Trust Equipment or any of it shall, in case of the happening of any such event of default and such taking possession, withdrawal, lease or sale by the Trustee, give to the Company any legal or equitable interest or title in or to the Trust Equipment or any of it or any cause or right of action at law or in equity in respect to the Trust Equipment against the Trustee or the owners of interests in the trust. No such taking possession or withdrawal or lease or sale of the Trust Equipment by the Trustee shall be a bar to the recovery by the Trustee from the Company of rentals then or thereafter due and payable, and the Company shall be and remain liable for the same until such sums have been realized as with the proceeds of the lease or sale of the Trust Equipment shall be sufficient for the discharge and payment in full of all the items mentioned in Paragraph 2 hereof, whether they shall have then matured or not.

16. If, in case of the happening of any such event of default, the Trustee shall exercise any of the powers conferred upon it by this Lease, all payments made by the Company to the Trustee under this Lease after such event of default, and

the proceeds of any judgment collected by the Trustee from the Company hereunder, and the proceeds of every sale or lease by the Trustee hereunder of any of the Trust Equipment and replacements, together with any other sums which may then be held by the Trustee under any of the provisions of this Lease, shall be applied by the Trustee in the order of priority following: viz., (a) to the payment of all proper charges of the Trustee including liabilities, and compensation and expenses properly incurred or advances made by the Trustee in accordance with the provisions of this Lease or the Agreement, including the expense of any retaking of the whole or any part of the Trust Equipment and all expenses of the custody and of any sale or lease thereof, and (b) to the payment of all sums of money due and payable to the Trustee under the provisions of this Lease. After all such payments shall have been made in full, the title to any of the Trust Equipment remaining unsold shall be conveyed by the Trustee to the Company, free from any further liabilities or obligations to the Trustee hereunder. If, after applying all of such sums of money realized by the Trustee as aforesaid, there shall remain any amount due to the Trustee under the provisions of this Lease, the Company agrees to pay the amount of such deficit to the Trustee. If, after applying as aforesaid the sums of money realized by the Trustee, there shall remain a surplus in the possession of the Trustee, such surplus shall be paid to the Company.

17. The remedies in this Lease and in the Agreement provided in favor of the Trustee and the holders of Trust Certificates, or any of them, shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in their favor existing at law or in equity.

18. The foregoing provisions, however, are subject to the condition that if at any time after the Trust Certificates shall have been declared due and payable, as provided in the Agreement,, all arrears of rentals with interest as hereinabove provided and the compensation, expenses and liabilities of the Trustee and all other sums which shall have become due and payable by the Company under this Lease or under the Agreement (other than the par value of Trust Certificates and rental installments which shall not at the time have matured according to their terms), shall be paid by the Company before any taking possession, withdrawal, sale or lease by the Trustee of any of the Trust Equipment, and every other default in the observance or performance of any covenant or condition of this Lease or the Agreement shall be made good or secured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall be made therefor; then and in every such case the Trustee may, and if so requested by the bearers or registered holders of a majority in aggregate par value of the Trust Certificates then outstanding and which shall not have then matured according to their terms, shall, by written notice to the Company and the Guarantors, waive the default by reason of which the Trust Certificates shall have been declared and become due and payable and waive the consequences of such default, but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

19. Neither such retaking possession nor any withdrawal or lease or sale of the Trust Equipment by the Trustee nor any action or failure or omission to act, against the Company or in respect of the Trust Equipment, on the part of the Trustee or on the part of any bearer or registered holder

of any Trust Certificate or the bearer of any dividend warrant, nor any delay or indulgence granted to the Company by the Trustee or any such holder, shall affect the obligations of the Company under this Lease or under the Agreement or under its guaranty.

20. This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.

This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the Trustee, acting in accordance with the terms and conditions of said Agreement, and the Company, pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names and their respective corporate seals to be hereunto affixed, duly attested as of the day and year first above written.

THE FIRST NATIONAL BANK OF PORTLAND,  
As Trustee,

By 

Trust Officer.

Attest:

  
Secretary.

SPOKANE, PORTLAND AND SEATTLE  
RAILWAY COMPANY

By   
Vice President.

Attest:

  
Secretary.

STATE OF OREGON  
COUNTY OF MULTNOMAH } ss.

On this 16 day of April, 1957, before me personally appeared RA WELCH, to me personally known, who, being by me duly sworn, says that he is Trust Officer of The First National Bank of Portland, a national banking association, that the seal affixed to the foregoing instrument is the seal of said association, that said instrument was signed and sealed on behalf of said association by authority of the Executive Committee of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

*Garth F. Steltenpohl*

GARTH F. STELTENPOHL

NOTARY PUBLIC FOR OREGON

My Commission Expires May 10, 1957

STATE OF OREGON  
COUNTY OF MULTNOMAH } ss.

On this 15<sup>th</sup> day of April, 1957, before me personally appeared L. W. ALBERTSON, to me personally known, who, being by me duly sworn, says that he is Vice President of Spokane, Portland and Seattle Railway Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Trustees, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

  
FREDERICK H. TORP

NOTARY PUBLIC FOR OREGON  
My Commission Expires June 29, 1958